

Funding Options for Human Services

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I. Overview of Local Taxes

A. Property taxes

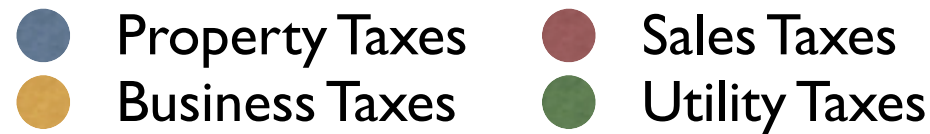
B. Sales taxes

C. Utility taxes

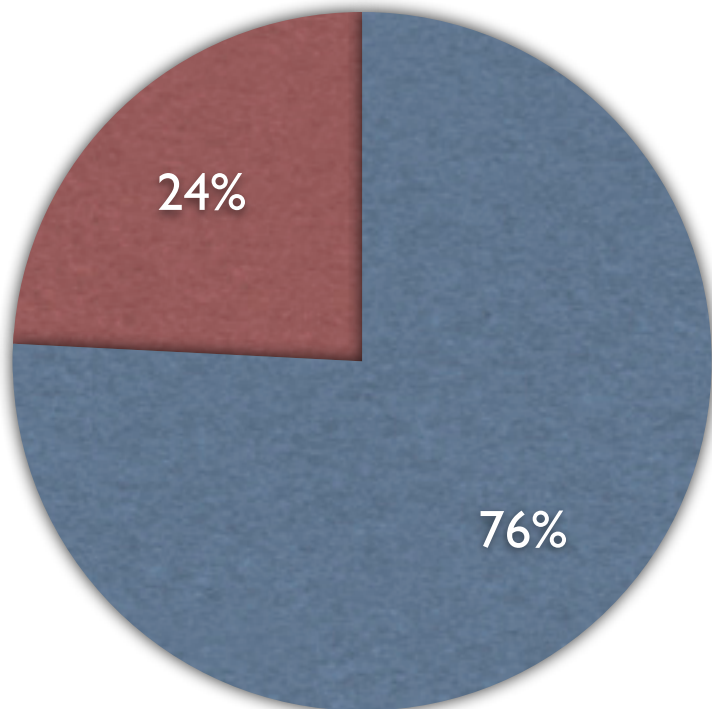
D. Business gross receipt (B&O) taxes

General Fund Tax Revenue

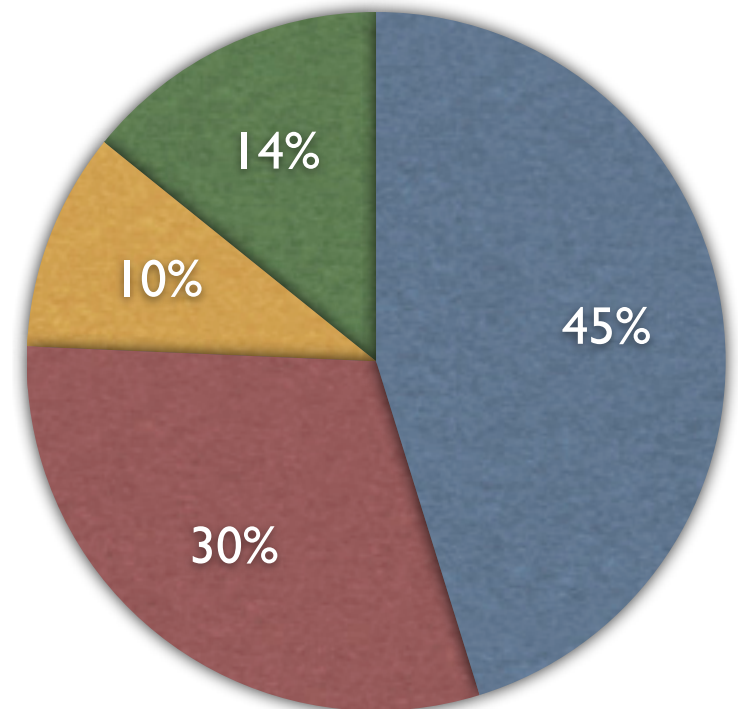
2002 Audited Actuals



King County



All King County Cities

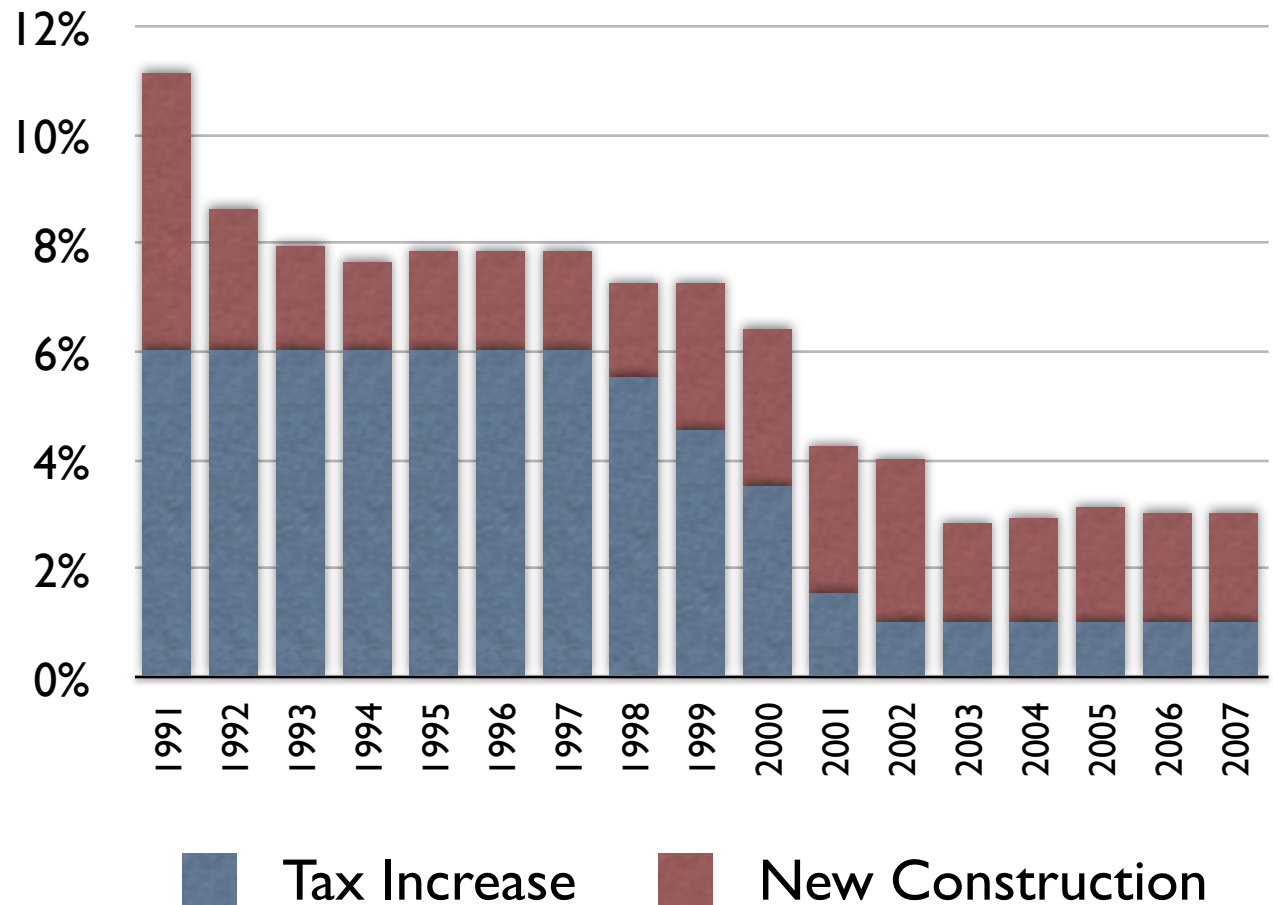


A. Property Taxes

Limitations:

1. Statutory Rate
2. One Percent Limit
3. 106 Percent Limit
4. Initiative 722
5. Initiative 747

King County Property Tax Growth



B. Sales Taxes

Components:

0.85% City (County Unincorporated)

0.10% Criminal Justice (City/County)

0.15% County

0.40% RTA (Sound Transit)

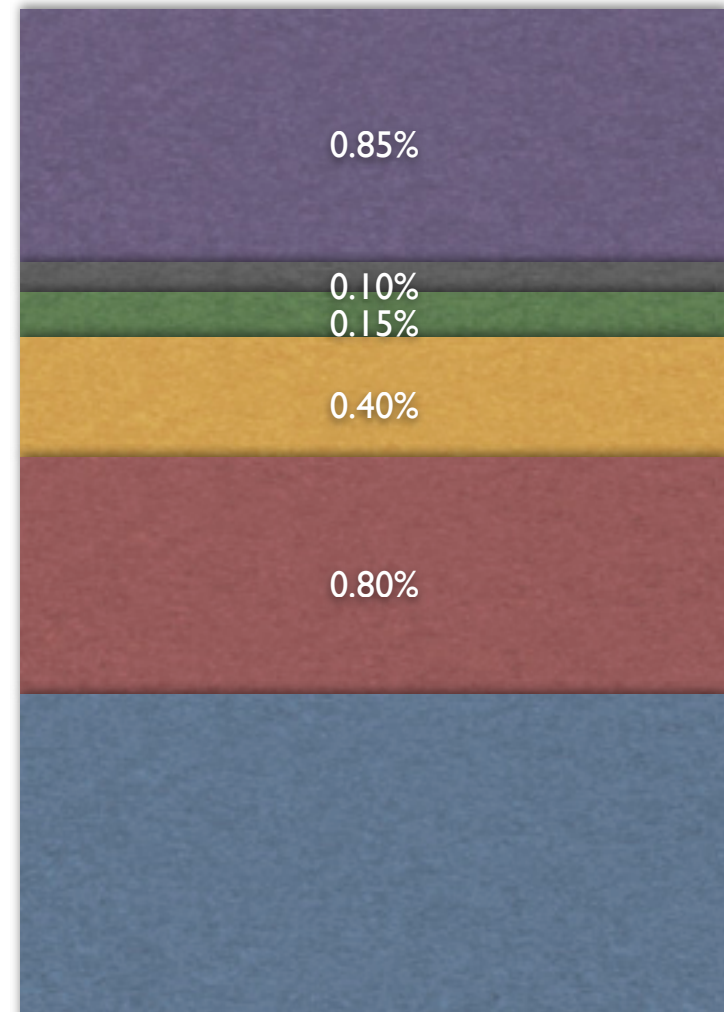
0.80% Metro Transit

6.50% Washington State

King County Sales Tax

State Portion not to scale,
RTA not collected in rural areas

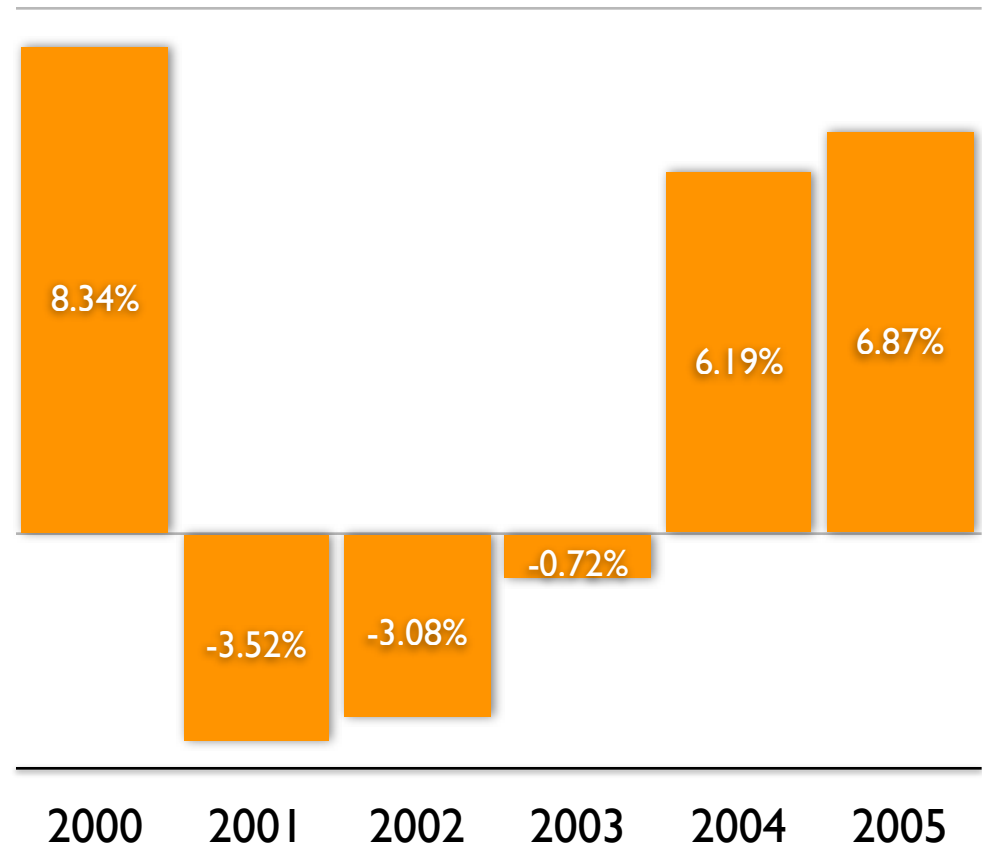
8.8%



Sales Tax Shortcomings

- Volatile, tied to economy
- Highly regressive
- Income inefficient
- Growing problems with catalog and internet sales

Net Sales Tax Revenue
King County CX Subfund



C. Municipal Taxes

- Cities have the authority to tax the gross receipts of businesses.
- Almost all cities in King County tax some or all public utilities (Electricity, Natural Gas, Telephone, Water, Sewer, Garbage, Cable)
- 10 cities assess a local B&O Tax: Algona, Bellevue, Black Diamond, Burien, Issaquah, Lake Forest Park, Mercer Island, North Bend, Seattle, and Snoqualmie

II. Existing Local Authority

A. Property tax lid lifts

B. Local option sales tax
(2003: Criminal Justice)

C. Local option sales tax
(2005: Mental Health)

A. Property Tax Lid Lifts

- **Conventional Lid Lifts:**

one percent limit factor,
unlimited duration

- **Multiyear Lid Lifts:**

Limited to six years, primary
or general election, any limit
factor

King County Levy Capacity

\$213.8 million

74.3¢ per \$1,000 AV

2007 Projection

Countywide Lid Lift Comparison

Projected 2007 levy revenue per \$1,000 assessed valuation

One Cent
\$2.88 million

Five Cents
\$14.39 million

Ten Cents
\$28.78 million

B. Local Option Sales Tax

RCW 82.14.450 (adopted in 2003)

- 0.3% countywide sales tax
- 60% to county; 40% to cities
- One-third must be allocated to Criminal Justice programs
- Requires voter approval at primary or general election

Total Revenue:
\$141 million

County:
\$85 million

\$28 million for
Criminal Justice

Cities:
\$56 million

\$19 million for
Criminal Justice

2007 Projection

C. Local Option Sales Tax

RCW 82.14.460 (adopted in 2005)

- 0.1% countywide sales tax
- Limited to new chemical dependency, mental health, or therapeutic court programs.
- Supplantation prohibited
- Councilmanic

**Total Revenue:
\$47 million**

2007 Projection

III. Legislative Proposals

A. Permanent Public Health Funding Source

B. County Utility Tax

1. Regional

2. Unincorporated

IV. Expiring Tax Authority

A. Baseball Stadium Taxes (2012)

0.017 percent credit against state sales tax (\$6.4 million)

0.5 percent food/beverage tax (\$15.6 million)

2.0 percent car rental tax (\$4.8 million)

B. Kingdome Taxes (2016)

2.0 percent Hotel-Motel Tax (\$7.6 of 12.9 million total)

1.0 percent car rental tax (\$1.8 of 2.4 million total)

C. Football Stadium Tax (2020)

0.016 percent credit against state sales tax (\$6.0 million)

